

**BRYAN, CAVE, McPHEETERS & McROBERTS**

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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March 7, 1988

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ERIC V. LEMON

Secretary  
Interstate Commerce Commission  
12th and Constitution Avenues, N.W.  
Washington, D.C. 20423

ATTN: Mildred Lee  
Room 2303

Dear Secretary:

I have enclosed an original and one copy of the Security Agreement described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

This document is a security agreement, a primary document, dated March 4, 1988.

The names and addresses of the parties are as follows:

Grantor: AMG Resources Corporation  
4100 Grand Avenue  
Neville Island  
Pittsburgh, Pennsylvania 15225

Grantee: County NatWest Limited  
Wellesley House  
37 Waterloo Street  
Birmingham, England, U.K. B2 5TJ

A description of the equipment covered by the Security Agreement is attached thereto as Exhibit A. Included in the property covered by the aforesaid Security Agreement are railroad cars intended for use related to interstate commerce, or interests therein, owned by Grantor at the date of said Security Agreement or thereafter acquired by it or its successors.

A fee of \$13.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the messenger making this delivery.

3/8/88  
13.00

CC Washington, D.C.  
1 5527

RECORDATION NO. Filed 1225

MAR 8 1988-12 25 PM

INTERSTATE COMMERCE COMMISSION

*Handwritten signature and initials*

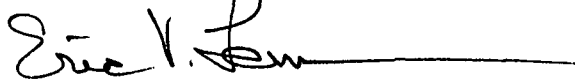
Secretary  
March 7, 1988  
Page 2

A short summary of the document to appear in the index follows:

Security Agreement between AMG Resources Corporation, 4100 Grand Avenue, Neville Island, Pittsburgh, Pennsylvania 15225, and County NatWest Limited, Wellesley House, 37 Waterloo Street, Birmingham, England, U.K., B2 5TJ, dated as of March 4, 1988, and covering railway cars.

If you have any questions, please contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eric V. Lemon", followed by a long horizontal line extending to the right.

Eric V. Lemon

All rights and claims of AMG Industries Corporation under this Security Agreement are subordinated to the rights and claims of Security Pacific Business Credit Inc., pursuant to a Subordination Agreement dated March 4, 1988 between AMG Industries Corporation and Security Pacific Business Credit Inc.

SECURITY AGREEMENT

RECORDATION NO. 5527

MAR 8 1988 12 25 PM

SECURITY AGREEMENT dated as of March 4, 1988 (the "Agreement"), made by AMG RESOURCES CORPORATION, a Delaware corporation (the "Grantor"), to COUNTY NATWEST LIMITED, an English Company (the "Grantee").

INTERSTATE COMMERCE COMMISSION

W I T N E S S E T H T H A T :

WHEREAS, contemporaneously herewith, AMG Industries Limited, an English Company (the "Company"), is entering into a Loan Stock Instrument with the Grantee (said Loan Stock Instrument, as it may hereafter be amended or otherwise modified from time to time, being hereinafter referred to as the "Loan Stock Instrument"; the terms defined therein and not otherwise defined herein being used herein as therein defined); and

WHEREAS, to induce the Grantee to issue Loan Stock (pursuant to the Loan Stock Instrument), the Grantor has agreed to guaranty the obligations of the Company under the Loan Stock Instrument pursuant to that certain Guarantee of even date herewith (the "AMG Guarantee"); and

WHEREAS, it is a condition precedent to the issuance of Loan Stock that the Grantor shall have granted the security interest contemplated by this Agreement as security for the obligations of the Grantor under the AMG Guarantee.

NOW, THEREFORE, in consideration of the premises and in order to induce the Grantee to issue Loan Stock and to accept the AMG Guarantee, the Grantor agrees with the Grantee as follows:

SECTION 1. Grant of Security. The Grantor hereby assigns to the Grantee and grants the Grantee a continuing security interest in and lien upon, all of the Grantor's tangible and intangible properties, assets and rights, wherever located, now owned or hereafter acquired or arising (the "Collateral"), including, without limiting the generality of the foregoing:

- (a) all inventory (including, without limitation, (i) all raw materials, work in process, finished goods, and materials used or consumed in the processing, manufacture or production thereof, and (ii) all goods and other property held for sale, lease, rental or resale, or furnished or to be furnished under contracts of service), and all additions and accessions thereto, replacements therefor and products thereof (any and all such inventory, additions, accessions, replacements and

products being hereinafter collectively referred to as the "Inventory"); and

(b) All equipment, including, without limitation, the railway cars identified on the attached Schedule A (the "Railway Equipment") and all furniture, furnishings, trade fixtures, machinery, tools and parts, used or usable in business, together with all additions and accessions thereto and replacements or substitutions therefor (any and all such equipment, additions, accessions, replacements and substitutions being hereinafter collectively referred to as the "Equipment"); and

(c) All accounts, including all present and future evidences of or rights to payments due or to become due to the Grantor on account of goods and other property sold, leased or rented (whether at wholesale or retail and whether from Inventory or otherwise) or services rendered, regardless of when earned by performance, together with all contract rights, chattel paper, instruments, general intangibles and other obligations of any kind now existing or hereafter acquired or arising, whether arising from or related to the disposition of Inventory, Equipment or otherwise, and all rights now or hereafter existing in and to all security agreements, leases, documents of title, securities, letters of credit and other contracts, documents and instruments securing or otherwise relating to any such accounts, contract rights, chattel paper, instruments, general intangibles or obligations (any and all such accounts, contract rights, chattel paper, instruments, general intangibles and obligations being hereinafter collectively referred to as the "Receivables", and any and all such security agreements, leases, documents of title, securities, letters of credit and other contracts, documents and instruments being hereinafter collectively referred to as the "Related Contracts"); and

(d) All of the Grantor's right, title and interest in and to all goods and other property, whether or not delivered, (i) the sale, lease or rental of which gives, or purports to give, rise to any Receivable, including, without limitation, all goods and other property returned or rejected by or repossessed from customers, or (ii) securing payment of any Receivable, including, without limitation, all of the Grantor's rights as an unpaid vendor or lienor, including rights of stoppage in transit, replevin and reclamation with respect to such goods and other properties; and

(e) To the extent not included in paragraph (b) above, all plant fixtures, business fixtures and other fixtures and office storage facilities, now or hereafter existing, and all additions and accessions thereto and replacements therefor; and

(f) All now existing or hereafter acquired patent applications, patents, copyrights, rights and interests in copyrights and works protectable by copyright, trade secrets and other confidential information relating to the business of the Grantor, including, by way of illustration and not limitation, each and every kind of know-how practiced by the Grantor and its employees; the names and addresses of, and credit and other business information respecting the Grantor's past, present or future customers as they may exist from time to time; the prices which the Grantor obtains for its services or at which it sells its products; estimating and cost procedures; profit margins; policies and procedures pertaining to the sale and design of equipment, components, devices and services furnished by the Grantor; information concerning suppliers of the Grantor; and manner of operation, business plans, pledges, projections, and all other information of any kind or character, whether or not reduced in writing, with respect to the conduct by the Grantor of its business not generally known by the public, trademarks, service marks, designs, logos, indicia, corporate names, company names, business names, fictitious business names, tradenames, trade styles and registrations issued with respect to any of the foregoing used in the Grantor's business or in which the Grantor otherwise has an interest and the goodwill associated with the foregoing; and

(g) All proceeds, products, rents and profits of any and all of the foregoing Collateral and, to the extent not otherwise included therein, all payments under insurance (whether or not the Grantee is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

SECTION 2. Security for Obligations. This Agreement secures payment and performance of any and all indebtedness, obligations and liabilities of the Grantor to the Grantee under the AMG Guarantee and this Agreement, whether now existing or hereafter arising, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased,

created or incurred (all such indebtedness, obligations and liabilities of the Grantor being hereinafter collectively referred to as the "Obligations").

SECTION 3. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Grantee of any of the rights hereunder shall not release the Grantor from any of its duties and obligations under the contracts and agreements included in the Collateral, and (c) the Grantee shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Grantee be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. The Grantor represents and warrants as follows:

(a) Except with respect to the Railway Equipment identified in paragraph 1 of Schedule A, all of the Equipment and Inventory is located at the places specified in Schedule B hereto. The principal place of business/chief executive office of the Grantor and the office where the Grantor keeps its books and records relating to the Receivables (and all originals of all chattel paper which evidence Receivables), is located at the address specified in Schedule C.

(b) The Grantor is (and will be) the legal and beneficial owner of the Collateral free and clear of any lien, security interest, charge or encumbrance except for (i) the security interest created by the Security Agreement of even date herewith in favor of Security Pacific Business Credit, Inc. (the "Security Pacific Security Agreement"), (ii) the security interest created by the Security Agreement of even date herewith in favor of NatWest Investment Bank Limited (the "NatWest Security Agreement"), (iii) the security interest created by this Agreement, and (iv) the security interest created by the Security Agreement of even date herewith in favor of AMG Industries Corporation (the "AMG Industries Security Agreement"). No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is (or will be) on file in any recording office, except such as may have been (or may be) filed in favor of (i) Security Pacific Business Credit, Inc. relating to the Security Pacific Security Agreement, (ii) NatWest Investment Bank Limited relating to the NatWest

Security Agreement, (iii) the Grantee relating to this Agreement, and (iv) AMG Industries Corporation relating to the AMG Industries Security Agreement.

(c) The grant of a security interest in the Collateral pursuant to this Agreement together with steps for perfection create a valid and perfected third priority security interest in the Collateral, securing the payment of the Obligations.

(d) Except for the filing or recording of any UCC Financing Statements, fixture filings or filings with the Interstate Commerce Commission, the United States Copyright Office, the United States Patent and Trademark Office, and any State or foreign trademark office, necessary to perfect the security interests created hereunder, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the grant by the Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor, or (ii) for the perfection of such security interest or the exercise by the Grantee of its rights and remedies provided for in this Agreement.

#### SECTION 5. Further Assurances.

(a) The Grantor agrees that at any time and from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Grantee may reasonably request, in order to perfect, preserve the priority and perfection of, and otherwise to protect, any security interest granted or purported to be granted hereby or to enable the Grantee to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor will: (i) at the request of the Grantee, mark conspicuously all chattel paper included in the Receivables and all Related Contracts and each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to the Grantee, indicating that such chattel paper, Related Contract or Collateral is subject to the security interest granted hereby; (ii) if any Receivable shall be evidenced by a promissory note or other instrument or shall be secured by a document of title, security or letter of credit, at the request of the Grantee, deliver to the Grantee and pledge to the Grantee such note, instrument, document of title, security or letter of credit, duly endorsed or accompanied by duly executed instruments of transfer or assignment, as appropriate, all in form and

substance satisfactory to the Grantee; and (iii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Grantee may reasonably request, in order to perfect, preserve the priority and perfection of, and otherwise to protect the security interests granted or purported to be granted hereby.

(b) The Grantor hereby authorizes the Grantee to file one or more financing or continuation statements, or fixture filings and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law.

(c) The Grantor will furnish to the Grantee from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Grantee may reasonably request, all in reasonable detail.

(d) The Grantor will not make any change in its legal name, identity or corporate structure, conduct its business operations under any fictitious business name or trade name, or utilize any form of invoice identifying the seller of the goods to which such invoice relates by any name other than AMG Resources Corporation, without (i) giving the Grantee at least thirty (30) days' prior written notice thereof, and (ii) taking all such action as may be required or as the Grantee may reasonably request to assure that the Grantor shall be in compliance with all of the terms of this Agreement upon the effective date of such change.

SECTION 6. As to Equipment and Inventory. The Grantor shall:

(a) Keep the Equipment (other than the Railway Equipment identified in paragraph 1 of Schedule A) and Inventory (other than Inventory in transit to any such location and Inventory delivered to processors in the ordinary course of business) (i) at the locations identified in Schedule B or, (ii) at such other location which shall have been disclosed in writing to the Grantee not less than thirty (30) days prior to the date of the removal or relocation of such Equipment or Inventory to such location, except that no such location may be outside of the United States or within the State of Louisiana. In connection with any removal or relocation of Equipment (other than the Railway Equipment identified in paragraph 1 of Schedule A) or Inventory, and in advance thereof, the Grantor shall take all such actions as may be required or as the Grantee may reasonably request to assure that the Grantor shall, as of



the date of the commencement of any such removal or relocation, be in compliance with all of the terms of this Agreement.

(b) Cause the Equipment to be maintained and preserved in the same condition, repair and working order as when acquired from Vulcan Materials Company (or, as to Equipment acquired subsequent to the date of this Agreement, as when new), ordinary wear and tear excepted, and in accordance with any manufacturer's manual, and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements and other improvements in connection therewith which are necessary or desirable to such end. The Grantor shall promptly furnish to the Grantee a statement respecting any loss or damage to any of the Equipment.

(c) Pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment and Inventory, except to the extent the validity thereof is being contested in good faith.

(d) As to any Equipment or Inventory which is in the possession (or otherwise under the control) of any agent or bailee of the Grantor at the time of the occurrence of an Event of Default (as defined in Section 13), instruct such agent or bailee to hold such Equipment or Inventory for the account of the Grantee.

#### SECTION 7. Insurance; Condemnation Awards.

(a) The Grantor shall, at its own expense, maintain insurance against loss or damage to the Collateral (including liability insurance) in such amounts, against such risks, in such form and with such insurers, as shall be satisfactory to the Grantee from time to time. Each policy of property damage insurance shall bear a standard first mortgage endorsement in favor of the Grantee and shall provide that, upon notification by the Grantee to the appropriate insurer that an Event of Default (as defined in Section 13) has occurred and is continuing, all losses (except for losses of less than \$1,000.00 per occurrence) shall be paid directly to the Grantee. Each policy of insurance shall in addition

- (i) name the Grantor and the Grantee as insured parties thereunder (without any representation or warranty by or obligation upon the Grantee) as their interests may appear,
- (ii) contain the agreement by the insurer that any loss thereunder shall be payable to the Grantee, notwithstanding any action, inaction or breach of representation or warranty

by the Grantor, (iii) provide that there shall be no recourse against the Grantee for payment of premiums or other amounts with respect thereto, and (iv) provide that at least ten (10) days' prior written notice of cancellation or of lapse shall be given to the Grantee by the insurer. The Grantor shall furnish to the Grantee insurance certificates, in form and substance satisfactory to the Grantee, evidencing compliance by the Grantor with the terms of this Section 7, and, if so requested by the Grantee, shall deliver to the Grantee originals or duplicate copies of such policies and, as often as the Grantee may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, the Grantor shall, at the request of the Grantee at any time after an Event of Default (as defined in Section 13) has occurred and is continuing, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of Section 5 and cause the respective insurers to acknowledge notice of such assignment.

(b) At least thirty (30) days prior to the expiration of each insurance policy, upon written request of the Grantee, the Grantor shall furnish the Grantee with evidence satisfactory to the Grantee of the payment of premium and the reissuance of a policy continuing insurance in force as required by this Agreement. In the event the Grantor fails to provide, maintain, keep in force or deliver and furnish to the Grantee policies of insurance required by this Section 7, the Grantee, upon fifteen (15) days' prior written notice to the Grantor, may procure such insurance or single interest insurance for such risks covering the Grantee's interest, and the Grantor will pay all premiums thereof promptly upon demand by the Grantee, together with interest thereon at the rate of ten percent (10%) per annum, from the date of expenditure by the Grantee until reimbursement by the Grantor.

(c) Each such policy or certificate therefor issued by an insurer shall to the extent obtainable contain a provision that no act or omission of the Grantor which would otherwise result in forfeiture or reduction of the insurance therein provided shall affect or limit the obligation of the insurance company so as to pay the amount of any loss sustained.

(d) All policies of insurance required to be furnished by the Grantor pursuant to this Section 7 shall have attached thereto the Lender's Loss Payable Endorsement or its equivalent, or a loss payable clause acceptable to the Grantee.

(e) In case of any loss involving damage to the Collateral when subsection (f)(ii) of this Section 7 is not

applicable, the Grantor shall make or cause to be made the necessary repairs to or replacements of such Collateral (regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount). Except as otherwise provided in subsection 7(f)(ii), any proceeds of insurance maintained by the Grantor pursuant to this Section 7 shall be paid to the Grantor as reimbursement for the costs of such repairs or replacements.

(f) If, but only if, the proceeds of any insurance policies provided for in this Section 7 are paid to the Grantee, the following provisions shall be applicable:

(i) The Grantee is hereby authorized to hold such proceeds in short-term obligations of the United States and to pay out such proceeds with interest as provided in this Section 7, all such interest to be the income of the Grantor, to be held by the Grantee subject to the terms and conditions of this Agreement. The Grantor shall pay all taxes upon such income and indemnify the Grantee against and save the Grantee harmless from all liability, loss, cost, damage or expense, including the reasonable fees and disbursements of counsel for the Grantee, in connection therewith. The Grantee is authorized to retain from the proceeds the necessary expenses incidental to the collection of any such funds, and a reasonable amount for its services in connection with the collection and disbursement of such funds.

(ii) In case of an Event of Default (as defined in Section 13) which is continuing the insurance proceeds shall be applied by the Grantee in accordance with subsection 13(b) hereof. Otherwise, the Grantee shall disburse such insurance proceeds to the Grantor, if within ninety (90) days after receipt thereof the Grantor submits a plan which is acceptable to the Grantee for repair or replacement of the Collateral which was damaged, lost, stolen or destroyed. In the event the Grantee disburses insurance proceeds to the Grantor, the Grantor shall use such funds solely in the manner and for the purposes set forth in the plan for repair or replacement of the Collateral which was damaged, lost, stolen or destroyed, and any portion of such funds not used for such repair or replacement shall be delivered to the Grantee for distribution in accordance with the provisions of subsection 13(b). If, however, the Grantee does not receive such plan from the Grantor within said ninety (90) day period, then the Grantee shall apply such insurance proceeds in accordance with the provisions of subsection 13(b) hereof.

(iii) All insurance money received by the Grantee shall be held by the Grantee to secure the performance by the Grantor of its obligations under this Agreement to repair, replace or reconstruct any portion of the Collateral that has been damaged, lost, stolen or destroyed, or to pay the Obligations and indebtedness secured hereunder as herein provided.

(g) In the event of any condemnation or taking by eminent domain of all or any part of the Collateral, the Grantor will give the Grantee prompt written notice thereof and if an Event of Default (as defined in Section 13) shall have occurred and be continuing unremedied, the Grantee shall be entitled to receive directly (and Grantor shall promptly pay over to the Grantee), any awards or other amounts payable with respect to such condemnation, requisition or other taking. Any such award or other amount shall be paid to and applied by the Grantee as specified in subsection 13(b).

#### SECTION 8. As to Receivables.

(a) The Grantor shall keep its principal place of business/chief executive office and the office where it keeps its books and records relating to the Receivables, and all originals of all chattel paper which evidence Receivables, (i) at the address specified in Schedule C or, (ii) at such other address as shall be specified as the location of such place of business/office and books and records, in a written notice specifically designated as a "Notice of Change of Principal Place of Business/Chief Executive Office and Location of Receivables Books and Records" and delivered to the Grantee not less than thirty (30) days prior to the effective date of the change of such office and location, except that no such address of the Grantor may be located outside of the United States or within the State of Louisiana. In connection with any such change of principal place of business/chief executive office or office where such books and records are kept, and in advance thereof, the Grantor shall take all such actions as may be required or as the Grantee may reasonably request to assure that, as of the effective date of such change, the Grantor shall be in compliance with all of the terms of this Agreement.

(b) The Grantor will hold and preserve its books and records relating to the Receivables and all originals of all chattel paper which evidence Receivables and will permit representatives of the Grantee at any time during normal business hours to inspect and make abstracts from such books, records and chattel paper.

(c) Except as otherwise provided in this subsection (c), the Grantor shall continue to collect, at its own expense, all amounts due or to become due the Grantor with respect to the Receivables. In connection with such collections, the Grantor may take (and, at the Grantee's direction, shall take) such action as the Grantor or the Grantee may deem necessary or advisable to enforce collection of the Receivables; provided, however, that the Grantee shall have the right at any time after the occurrence of an Event of Default to notify the account debtors or obligors under any Receivables of the assignment of such Receivables to the Grantee and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Grantee and, upon such notification and at the expense of the Grantor, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done. After the occurrence of an Event of Default (as defined in Section 13) (i) all amounts and proceeds (including instruments) received by the Grantor in respect of the Receivables shall be received in trust for the benefit of the Grantee hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over (or delivered) to the Grantee in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by subsection 13(b), and (ii) the Grantor shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

SECTION 9. Transfer; Other Liens. The Grantor shall not directly or indirectly, without the prior written consent of the Grantee (which consent shall not be unreasonably withheld):

(a) Sell (with or without recourse), discount, assign (by operation of law or otherwise) or otherwise transfer or dispose of, or grant any option with respect to, any of the Collateral, except that the Grantor may (i) sell Inventory in the ordinary course of business, (ii) prior to the occurrence of an Event of Default (as defined in Section 13), sell, discount or otherwise dispose of, for collection only, Receivables that are more than sixty (60) days past due.

(b) Create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interests referred in Section 4(b) of this Agreement.

SECTION 10. Grantee Appointed Attorney-in-Fact. The Grantor hereby irrevocably appoints the Grantee as the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor, the Grantee or otherwise, from time to time in the Grantee's discretion upon the occurrence of an Event of Default (as defined in Section 13), to take any action and to execute any instrument which the Grantee may deem necessary or advisable to accomplish the purposes of this Agreement (subject to the rights of the Grantor under Section 8), including, without limitation:

(i) to obtain and adjust insurance required to be paid to the Grantee pursuant to Section 7;

(ii) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(iii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) and (ii) above; and

(iv) to file any claims or take any action or institute any proceedings which the Grantee may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Grantee with respect to any of the Collateral.

SECTION 11. Grantee May Perform. If the Grantor fails to perform any agreement contained herein, the Grantee may itself perform, or cause performance of, such agreement, and the expenses so incurred in connection therewith shall be payable by the Grantor under Section 14(b).

SECTION 12. Grantee's Duties. The powers conferred on the Grantee hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Grantee shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 13. Events of Default and Remedies. Each of the following shall severally be considered an Event of Default hereunder: (i) the occurrence of any event of default (as defined therein) under the Loan Stock Instrument, (ii) the occurrence of any event of default (as defined therein) under that certain Loan and Security Agreement of even date herewith, made by Grantor in favor of Security Pacific Business Credit Inc., (iii) the occurrence of any event of default (as defined

therein) under that certain Security Agreement of even date herewith, made by the Grantor in favor of NatWest Investment Bank Limited, (iv) the occurrence of any event of default (as defined therein) under any of (a) that certain Deed of Trust and Security Agreement of even date herewith executed by the Grantor in favor of the Grantee, respecting the Grantor's processing facility located in Sparrows Point, Maryland, or (b) that certain Mortgage and Security Agreement of even date herewith executed by the Grantor in favor of the Grantee, respecting the Grantor's processing facility located in Gary, Indiana, or (c) that certain Mortgage and Security Agreement of even date herewith executed by the Grantor in favor of the Grantee respecting the Grantor's processing facility located in Pittsburgh, Pennsylvania, or (d) that certain Deed of Trust and Security Agreement of even date herewith executed by the Grantor in favor of AMG Industries Corporation, a Delaware corporation, respecting the Grantor's processing facility located in Sparrows Point, Maryland, or (e) that certain Mortgage and Security Agreement of even date herewith executed by the Grantor in favor of AMG Industries Corporation, a Delaware corporation, respecting the Grantor's processing facility located in Gary, Indiana, or (f) that certain Mortgage and Security Agreement of even date herewith executed by the Grantor in favor of AMG Industries Corporation, a Delaware corporation, respecting the Grantor's processing facility located in Pittsburgh, Pennsylvania, (v) if any warranty, representation or statement made or furnished to the Grantee by or on behalf of the Grantor pursuant to this Agreement is reasonably determined by the Grantee to have been false or untrue in any material respect when made or furnished, and (vi) default in the timely performance of any covenant contained herein. Upon the occurrence of any Event of Default, and at any time thereafter:

(a) The Grantee may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a secured party against a debtor in default under the Uniform Commercial Code (the "Code") (whether or not the Code applies to the affected Collateral) and also may (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of the Grantee forthwith, assemble all or part of the Railway Equipment as directed by the Grantee and make it available to the Grantee at a place to be designated by the Grantee which is reasonably convenient to both parties, (ii) without notice or demand or legal process, enter upon any premises of the Grantor and take possession of the Collateral, and (iii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Grantee's offices or elsewhere, at such time or times, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Grantee may deem commercially reasonable. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) day's notice to the

Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute commercially reasonable notification. At any sale of the Collateral, if permitted by law, the Grantee may bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) for and purchase the Collateral or any portion thereof for the account of the Grantee. The Grantee shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Grantee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by the Grantee in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Grantee, be held by the Grantee as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Grantee pursuant to Section 14) in whole or in part by the Grantee against, all or any part of the Obligations. Any surplus of such cash or cash proceeds held by the Grantee and remaining after payment in full of all the Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) Nothing in this Section 13 is intended to waive or vary the rules referred to in Section 9-501(3) of the Code as adopted in any jurisdiction, to the extent that such rules give rights to the Grantor or impose duties upon the Grantee.

#### SECTION 14. Indemnity and Expenses.

(a) The Grantor agrees to indemnify the Grantee from and against any and all claims, losses, liabilities and expenses (including, without limitation, the reasonable fees and disbursements of counsel for the Grantee) growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses, liabilities or expenses resulting from the Grantee's gross negligence or willful misconduct.

(b) The Grantor will upon demand pay to the Grantee the amount of any and all reasonable expenses (including, without limitation, the reasonable fees and disbursements of counsel and of any experts and agents) which the Grantee may incur in connection with (i) the preparation, implementation or administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral,



(iii) the exercise or enforcement of any of the rights of the Grantee hereunder, or (iv) the failure by the Grantor to perform or observe any of the provisions hereof.

SECTION 15. Amendments; Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Grantee, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 16. Addresses for Notices. All notices and other communications to any party provided for hereunder shall be in writing (including telegraphic communication) and mailed or telegraphed or delivered to such party, addressed to it at the address of such party specified below, or as to either party at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section. All such notices and other communications shall, when mailed or telegraphed, respectively, be effective when deposited in the mails or delivered to the telegraph company, respectively addressed as follows:

(a) If to the Grantor:

AMG Resources Corporation  
4100 Grand Avenue  
Neville Island  
Pittsburgh, Pennsylvania 15225

Attention: Allan M. Goldstein

(b) If to the Grantee:

County NatWest Limited  
Wellesley House  
37 Waterloo Street  
Birmingham, England, U.K., B2 5TJ.

with copies to:

D. G. Lents, Esq.  
Bryan, Cave, McPheeters & McRoberts  
500 North Broadway, Suite 2000  
St. Louis, Missouri 63102

and

D. J. Cooke, Esq.  
Pinsent & Co.  
Post & Mail House  
26 Colmore Circus  
Birmingham B4 6BH  
ENGLAND

SECTION 17. Continuing Security Interest; Payment of Obligations. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Obligations and the termination, with the consent of the Grantee, of the AMG Guarantee, (ii) be binding upon the Grantor, its successors and assigns, and (iii) inure to the benefit of the Grantee and its successors, transferees and assigns. Upon the payment in full of the Obligations and the termination, with the consent of the Grantee, of the AMG Guarantee, the security interest granted hereby shall terminate and all rights of the Grantee in and to the Collateral shall revert to the Grantor. Upon termination of the security interest granted hereunder, the Grantee will, at the Grantor's expense, execute and deliver to the Grantor such documents as Grantor shall reasonably request to evidence such termination.

SECTION 18. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Unless otherwise defined herein, terms used in Article 9 of the Uniform Commercial Code in the State of New York are used herein as therein defined.

SECTION 19. Counterparts. This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

SECTION 20. Judicial Proceedings. Any judicial proceeding brought against the Grantor with respect to the Obligations, or any of them, may be brought in any federal or state court of competent jurisdiction in the State of New York, and the Grantor, by execution and delivery of this Agreement, (a) accepts, generally and unconditionally, the nonexclusive jurisdiction of such courts and any related appellate courts, and (b) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in any such court or that any such court is an inconvenient forum. The Grantor hereby waives personal service of process and consents that service of process upon it may be made by certified or registered mail, return receipt requested, addressed, at its address specified or determined in accordance with the provisions of Section 16, and service so made shall be deemed completed upon

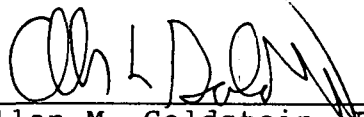
receipt thereof. Nothing herein shall affect the right of the Grantee to serve process in any other manner permitted by law or shall limit the right of the Grantor to bring proceedings against the Grantee in the courts of any other jurisdiction.

THE GRANTOR HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH IT IS A PARTY INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OF THE OBLIGATIONS.

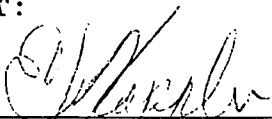
IN WITNESS WHEREOF, the Grantor has caused this Agreement to be duly executed and delivered by its officers thereunto duly authorized as of the date first above-written.

AMG RESOURCES CORPORATION

[SEAL]

By   
Allan M. Goldstein, President

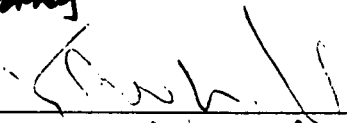
ATTEST:

  
Asst Secretary

COUNTY NATWEST LIMITED

*by its attorney*

[SEAL]

By   
Regional Director

ATTEST *ed*

*ed*  
*Secretary, Presento Co, Birmingham*  
*England*  
Secretary

STATE OF ALABAMA )

COUNTY OF JEFFERSON )

SS.

On this 4th day of March, 1988, before me appeared Allan M. Goldstein, to me personally known, who being by me duly sworn, did say that he is the President of AMG RESOURCES CORPORATION, a corporation of the State of Delaware, and that

the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and said Allan M. Goldstein acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Martha C. Wittchen  
Notary Public

My commission expires:

MY COMMISSION EXPIRES AUGUST 9, 1988

STATE OF ALABAMA           )  
                                      )  
COUNTY OF JEFFERSON    )    SS.

On this 4th day of March, 1988, before me appeared Keith White, to me personally known, who being by me duly sworn, did say that he is the Regional Director and duly authorized attorney of COUNTY NATWEST LIMITED, an English Company, ~~and that the seal affixed to the foregoing instrument is the corporate seal of said corporation,~~ and that said instrument was signed ~~and sealed~~ on behalf of said corporation by authority of its board of directors, and said Keith White acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Martha C. Wittchen  
Notary Public

My commission expires:

MY COMMISSION EXPIRES AUGUST 9, 1988

SCHEDULE A  
TO  
SECURITY AGREEMENT

1. The following-described railroad cars travel on the interstate railways and are identified by brief description and an affixed identification number. The identification numbers appear as (i) numbers only, such as 2001; or (ii) a combination of numbers and letters, such as VM2012, or VMXX 7071.

Gondola Scrap Metal 2001  
1958 RR Gondola 2005  
1958 RR Gondola 2007  
1958 RR Gondola 2008  
1958 RR Gondola 2009  
1958 RR Gondola 8081 A  
VM 2011 Used RR Gond  
VM 2012 Used RR Gond  
VM       Used RR Gond 8081 A  
VM 2014 Used RR Gond  
VM 2015 Used RR Gond In Plant Use  
VM 2016 Used RR Gond  
VM 2017 Used RR Gond  
VM 2018 Used RR Gond  
VM 2019 Used RR Gond  
VM 2020 Used RR Gond  
R R Gondola Car 2021  
R R Gondola Car 2022  
R R Gondola Car 2023  
R R Gondola Car 2018  
R R Gondola Car 2025  
Hopper Car VMMX 7071 A  
Hopper Car VMMX 7071  
Hopper Car VMMX 7072  
Hopper Car VMMX 7073  
Hopper Car VMMX 7072 A  
Gondola Car VMMX 5027  
Gondola Car VMMX 5028  
Gondola Car VMMX 5029  
Frt. VMMX 5029  
Gondola Car VMMX 5030  
Frt. VMMX 5030  
Hopper Car VMMX 4031  
Hopper Car VMMX 4032

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A   indicates that two cars have been articulated; i.e., permanently joined.

Hopper Car VMMX 4033  
 Hopper Car VMMX 4048 A  
 Hopper Car VMMX 4035  
 Hopper Car VMMX 4036  
 Hopper Car VMMX 4037  
 Hopper Car VMMX 4038  
 Hopper Car VMMX 4039  
 Hopper Car VMMX 4044 A  
 Hopper Car VMMX 7075  
 Hopper Car VMMX 7076  
 Hopper Car VMMX 7075 A  
 Hopper Car VMMX 7076 A  
 Hopper Car VMXX 7078 A  
 Hopper Car VMMX 4041  
 Hopper Car VMMX 4042  
 Hopper Car VMMX 4043  
 Hopper Car VMMX 4044  
 Hopper Car VMMX 4048 A  
 Hopper Car VMMX 4046  
 Hopper Car VMMX 4041 A  
 Hopper Car VMMX 4048  
 Hopper Car VMMX 4049  
 Hopper Car VMMX 4046 A  
 Hopper Car VMMX 4042 A  
 Hopper Car VMMX 4052  
 Hopper Car VMMX 4052 A  
 Hopper Car VMMX 4054  
 Hopper Car VMMX 4055  
 Hopper Car VMMX 4056  
 Hopper Car VMMX 4057  
 Hopper Car VMMX 4058  
 Hopper Car VMMX 4059  
 Gond Car VMMX 8087 A  
 Gond Car VMMX 8082  
 Gond Car VMMX 8083  
 Gond Car VMMX 8083 A  
 Gond Car VMMX 8085  
 Gond Car VMMX 8085 A  
 Gond Car VMMX 8087  
 Gond Car VMMX 8089 A  
 Gond Car VMMX 8089  
 Gond Car VMMX 8091 A  
 Gond Car VMMX 8091  
 Add'l Freight  
 Gond Car VMMX 8095 A  
 Gond Car VMMX 8093

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A indicates that two cars have been articulated; i.e., permanently joined.

Gond Car VMMX 8093 A  
 Gond Car VMMX 8095  
 Gondola Car VMMX6000  
 Gondola Car VMMX6000  
 Gondola Car VMMX6014  
 Gondola Car VMMX6014  
 Gondola Car VMMX6017  
 Gondola Car VMMX6017  
 Gondola Car VMMX6018  
 Gondola Car VMMX6018  
 Gondola Car VMMX6021  
 Gondola Car VMMX6029  
 Gondola Car VMMX6030  
 Gondola Car VMMX6030  
 Gondola Car VMMX6031  
 Gondola Car VMMX6032  
 Gondola Car VMMX6032  
 Gondola Car VMMX6037  
 Gondola Car VMMX6037  
 Gondola Car VMMX6040  
 Gondola Car VMMX6040

2. The following-described railroad cars are in service exclusively within the plant areas at the indicated locations, and are not used outside of such areas, and do not travel on the interstate railways.

<u>Description</u>	<u>Location</u>
3 Gondola Cars	Pittsburgh, Pennsylvania
70 Ton Gondola Car TP 613	Pittsburgh, Pennsylvania
70 Ton Gondola Car MKT 82	Pittsburgh, Pennsylvania
70 Ton Gondola Car OFC 83	Pittsburgh, Pennsylvania
70 Ton Gondola Car OFC 83	Pittsburgh, Pennsylvania
Gondola Car VMCX 10	Pittsburgh, Pennsylvania
Gondola Car ZGR 2138	Pittsburgh, Pennsylvania
Gondola Car ZGR 1954	Pittsburgh, Pennsylvania
Gondola Car VM 651	Pittsburgh, Pennsylvania
Gondola Car VM 652	Pittsburgh, Pennsylvania
R R Gondola Car	Gary, Indiana
R R Gondola Car	Gary, Indiana
Used Rail Cars	Gary, Indiana
Used Yard Rail Cars	Gary, Indiana
Hopper Car VMC 72138	Gary, Indiana
Hopper Car VMC 72095	Gary, Indiana

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A indicates that two cars have been articulated; i.e., permanently joined.

Hopper Car VMC 72087  
Hopper Car VMC 72135  
Hopper Car VMC 72090  
Hopper Car VMC 72155  
Hopper Car VMC 72169  
Hopper Car VMC 72128  
Gondola Car  
Gondola Car  
Gondola Car  
Gondola Car

Gary, Indiana  
Gary, Indiana  
Gary, Indiana  
Gary, Indiana  
Gary, Indiana  
Gary, Indiana  
Gary, Indiana  
Gary, Indiana  
Gary, Indiana  
Gary, Indiana



SCHEDULE B  
TO  
SECURITY AGREEMENT

Locations of Equipment:

- (a) 459 N. Cline Avenue  
Gary, Indiana 46406
- (b) 2415 Grays Road  
Sparrows Point, Maryland 21219
- (c) 1500 Sixth Street  
Camden, New Jersey 08101
- (d) 4100 Grand Avenue  
Neville Island  
Pittsburgh, Pennsylvania 15225

Locations of Inventory:

- (a) 459 N. Cline Avenue  
Gary, Indiana 46406
- (b) 2415 Grays Road  
Sparrows Point, Maryland 21219
- (c) 317-327 Frelinghuysen Avenue  
Newark, New Jersey 07114
- (d) 4100 Grand Avenue  
Neville Island  
Pittsburgh, Pennsylvania 15225

SCHEDULE C  
TO  
SECURITY AGREEMENT

Principal Place of Business/Chief Executive Office of Grantor:

4100 Grand Avenue  
Neville Island  
Pittsburgh, Pennsylvania 15225

CERTIFIED TRUE COPY

City of St Louis )  
 )  
State of Missouri ) SS.

I, Mignon Sue Been, Notary Public, have compared the foregoing copy of the Security Agreement dated as of March 4, 1988, made by AMG Resources Corporation, as Grantor, to County NatWest Ventures Limited, as Grantee, with the original of said document and hereby certify that it is a true and correct copy in all respects.

Mignon Sue Been  
Notary Public

March 7, 1988  
Date

My commission expires:  
\_\_\_\_\_

MIGNON SUE BEEN  
NOTARY PUBLIC - STATE OF MISSOURI  
ST. LOUIS COUNTY  
MY COMMISSION EXPIRES DEC. 30, 1989